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SUBJECT: US-ARGENTINE BILATERAL RELATIONSHIP; TERRORISM; WAR IN THE
MIDDLE EAST; US-URUGUAYAN FTA; GSP; IMF AND ARGENTINA; 08/11/06

1. SUMMARY STATEMENT

Today's international stories include the status of the US-Argentine bilateral relationship; the failed terrorist plot to blow up a number of civilian airplanes heading for the US; the war in the Middle East; the US-Uruguayan FTA; the implications of the GSP review in Argentina; and international organizations' criticism of Argentine economic policy.

2. OPINION PIECES AND KEY STORIES

- "Suggestive - no USG officials (at the Council of the Americas meeting)"

Pablo Wende, columnist of business-financial "Ambito Financiero," writes (08/11) "No USG official attended the Council of the Americas' meeting, which was held yesterday in Buenos Aires. It was a sign of the cold ties between the US and Argentina.

"In spite of previous speculation, the US Commercial representative for Latin America, Everett Eissenstat, who had been present in a similar encounter in Uruguay, did not attend either.

"... As a matter of fact, no one expected USG officials to attend the encounter. The White House's Assistant Secretary for Latin American Affairs, Tom Shannon, had already regretted two weeks ago, although he had initially been included as a lecturer.

"Only some members of the US Embassy were seen, among them Michael Matera, who will fill a high-ranking position along with new US Ambassador Anthony Wayne.

"Argentine Government officials tried not to make comments on the bilateral relationship between the US and Argentina. The only one who slightly referred to the White House's decision to eliminate preferential tariff rates for Argentine imports was Cabinet Chief Alberto Fernandez. He said 'We have the right to continue defending our interests at international fora,' in reference to Argentina's claim for developed countries to lower their farm subsidies.

"... Argentine businessmen who are members of the Council sought to downplay disagreement over ties between the US and Argentina. 'The two countries are strongly willing to hold talks, regardless of some statements that were made.'"

- "The US-Argentine relationship cools down"

Mariano Obarrio, columnist of daily-of-record "La Nacion's" "Economy and Business" supplement, writes (08/11) "The Kirchner administration ministers' attendance at the Council of the Americas forum resulted in formal and mutually praising statements, but it also made clear that US-Argentine bilateral ties have cooled down -

there were no signs of mutual confidence.

"Cabinet Chief Alberto Fernandez did not avoid criticizing the USG's decision to limit preferential tariff rates for Argentine exports.

"... Businessmen acknowledged that Kirchner attained economic growth through unorthodox measures, but they also maintained that Argentina still has a long road ahead to have clear rules and judicial security for investment.

"They also said that US prioritizes other countries, like Chile, Peru, Colombia or Uruguay, where FTAs are already in force or are being negotiated.

"Regarding the political factor, businessmen believe that Kirchner's closeness to Venezuelan President Hugo Chavez and Bolivian President Evo Morales has impaired the US-Argentine relationship, and they think it is possible that the relationship will cool down even further."

- "Maximum alert in the US on flights to the UK"

Ana Baron, Washington-based correspondent for leading "Clarín," writes (08/11) "The US Homeland Security Department decreed the maximum state of alert for commercial flights with the UK, following the discovery of a massive terrorist plot to blow up ten airplanes heading for the US...

"... For his part, US President George W. Bush said 'The recent arrests in the UK are a reminder that the nation is at war against Islamic fascists who want to use any means to destroy those who love freedom and hit our country.'

"The head of the White House has managed to politically capitalize on this kind of information...

"However, with opinion surveys indicating that only 31% of Americans believe that the US is winning the war on terrorism, even a failed plot like yesterday's may reinforce the opinion of those who believe that the Bush administration is losing the battle."

- "Bush declares state of alert and lashes out at Al Qaeda"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nación," writes (08/11) "Yesterday morning, only one month away from the fifth anniversary of the September 11 attacks, all US airports were declared on maximum state of alert and the USG again charged Al Qaeda as the main suspect in a new and failed terrorist plot.

"US President George W. Bush accused 'Islamic fascists' of the failed plot to blow up nine or ten airplanes of three main US air companies over the Atlantic Ocean."

"Only five years after the largest attack against the US, the White House continues without defeating Al Qaeda or capturing Osama bin Laden while its two front battle, in Iraq and Afghanistan, are absorbing its military power."

- "A Lebanese woman's testimony"

Daily-of-record "La Nación" carries an op-ed page by writer Marcos Aguinis, who writes (08/11) "Brigitte Gabriel is a risky Lebanese journalist...

"... Against my expectations, Brigitte Gabriel mentioned in detail something that happened before Israeli independence, February 22, 1948 - three trucks loaded with explosives exploded on the busy Ben Yehuda street in Jerusalem killing 54 and injuring hundreds of civilians. She said, with a severe tone, that they were not 'desperate due to the occupation.'

"Then, she sadly evoked the Lebanon of her childhood before the civil war, which claimed to also clean the country of Christians...

"Brigitte Gabriel's words again injected hope that the Arab world

has brave personalities... There are in Lebanon hundreds of thousands that hope that Hezbollah's criminals, who attacked Israel without the justification of any 'occupation,' will be defeated for the sake of the region and the world."

- "'This war serves the US interests'"

Marcelo Cantelmi, international editor of leading "Clarín," interviews Muhammad Barrake, Israeli Arab deputy, who says (80/11) "Asked about the war, Barrake says 'This is a war of the US and Israel, it is part of their policies for the entire region. Both the war in Iraq and Lebanon express an imperialistic view that they attempt to impose. And in this way, Israel ends up acting not in defense of its own interests but those of the US.'"

- "Mercosur is reported to allow a limited FTA between the US and Uruguay"

Business-financial "Ambito Financiero" reports (08/11) "In a little more time, the Vazquez administration will have to decide whether it will stay in Mercosur as one more partner or whether it will become an associate country, just like Chile, Peru or Bolivia."

"Reportedly, the two largest members of the bloc would let Uruguay sign an FTA with the US as long as it only includes three products - meat, dairy products and software - but leaving aside any reference to governmental purchases, services, communication and IPR. In the event the Vazquez administration makes progress on those fields, which would imply the signature of an FTA, the deal will not be supported by Argentina and Brazil."

"Nonetheless, according to US case law, the Bush administration only has two kinds of trade opening proposals for Latin American countries - entering the GSP or an FTA including all sectors of the economy and not just only some goods."

"As we all know, the first program is being dismantled by the USG leaving aside the three South American beneficiaries - Argentina, Brazil and Venezuela."

"The US strategy in the region is reaching FTAs, as those implemented with Chile and Colombia, and those that are being reached with Peru and Ecuador."

- "The opposition will support Tabare's attempt to reach an FTA with the US"

Patricia Valli, columnist of business-financial, center-right "InfoBae," comments (08/11) "Former President Luis Maria Sanguinetti pointed out that Tabare Vazquez's announcement that he will seek 'a broad FTA' with the US was a 'historic milestone' that will bury the Frente Amplio's biases."

"For his part, former Uruguayan President Jorge Batlle said that the only way to achieve a real insertion is through an FTA. In this way, the Vazquez administration confirmed that it has no obstacles among opponents, although historic opponents to the FTA are within the same government. They argue that it could impair Uruguay's ties with Mercosur, in addition to 'anti-imperialistic' reasons."

"According to Pablo Rosselli, economist from Deloitte, it is 'quite logical' for Uruguay to seek some opening because 'Mercosur is not working well, and its trade suffers frequent interruptions.'"

- "Reaction to US blockade"

Business-financial "Ambito Financiero" (08/11) "The possibility that the US could leave Argentina outside of its GSP... turned on alarm bells among farmers and the governments of at least 15 provinces, which could be seriously affected by the blockade."

"Yesterday, the Tucuman government said that it will ask the Foreign Ministry to intervene based on the fact that the end of exports of strawberries could damage some 5,000 families who live on said production in the province."

"... There are some 5,000 farmers in Tucuman, who account for some

50% of Argentine strawberry exports, mainly to the US, for some 8 million dollars per year."

- "Hostile gestures from financial hubs"

Marcelo Bonelli, economic columnist of leading "Clarín," writes an op-ed page (08/11) "The (Argentine) Government perceived clear signs that the G7 and political and financial hubs have started to put limits on Argentina. This is why, Nestor Kirchner again confronted the greatest public representative of this power - the IMF..."

"The country is questioned for not following what is interpreted as international rules."

"Local financial sectors sustain that claims could be deepened with the arrival of the new US Ambassador, Earl Wayne, although this version was totally dismissed by spokespersons of the US diplomacy in Buenos Aires."

"... Another sign was the last IMF board meeting - a total change in the Argentine economic policy."

"Another sign was Washington's decision to impose commercial sanctions."

13. EDITORIALS

- "The time of the terrorists"

An editorial in liberal, English-language "Buenos Aires Herald" reads (08/11) "The British government's announcement of the discovery, following months of international surveillance, of a massive terrorist plot to blow up an unknown number of civilian airplanes, is a frightening prospect and an extremely disturbing revelation, even while there is still much missing in the way of information about the investigation..."

"... For some the adjectival outbursts of President Bush, in his reference yesterday to 'Islamic fascists,' might have its reasons, but in real terms that is a language aimed at simpletons and not of any use to society at large, least of all to its educated components..."

"We may be in a new season of terrorism, which can be attributed in part to the growing warfare in the Middle East. The important angle of approach to the worldwide threat to human life is that no person is left out, everybody becomes a suspect, nobody is completely safe. This is what makes terrorism, from whatever political side it is generated, so damaging to society, because it is an element of division. And that is what an open society has to guard against."

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